



U.S. FISH AND WILDLIFE SERVICE TRANSMITTAL SHEET

PART 417 FW 1-6	SUBJECT Audits: Policies and Responsibilities; Planning; Conducting and Reporting on Audits; Audit Resolution; Appeals; Single Audit Act Report Resolution	RELEASE NUMBER 454
ORIGINATING OFFICE Division of Federal Assistance		DATE 08/23/2004

EXPLANATION OF MATERIAL TRANSMITTED:

This release establishes Part 417 (Federal Assistance Audits) of the Fish and Wildlife Service Manual. It establishes policy and responsibilities for grantee audits, defines terms associated with audits, and provides an overview of the audit process. The policy describes audit planning and provides procedures for conducting audits and reporting on them. It establishes policy and procedures for tracking audits, resolving findings, implementing recommendations, and making appeals about findings or corrective actions. The policy also describes how to resolve findings and implement recommendations from audits under the Single Audit Act.


DIRECTOR

FILING INSTRUCTIONS:

Remove:

None

Insert:

417 FW 1, 08/23/04, FWM 454
417 FW 2, 08/23/04, FWM 454
417 FW 3, 08/23/04, FWM 454
417 FW 4, 08/23/04, FWM 454
417 FW 5, 08/23/04, FWM 454
417 FW 6, 08/23/04, FWM 454

FISH AND WILDLIFE SERVICE AUDITS

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Chapter 4 Audit Resolution

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4.1 What is the purpose of this chapter? This chapter establishes policy and procedures for tracking and resolving findings and implementing recommendations from audits of Federal Assistance Program grantees. See 417 FW 1 for authorities, responsibilities, and definitions. Other chapters in Part 417 establish policy and procedures for audit planning, conducting audits, audit reporting, and appeals.

4.2 When does audit resolution begin? The formal audit resolution process begins on the date the Office of Inspector General (OIG) issues the final audit report as described in Part 361 DM. However, the Regional Director/Manager, California/Nevada Operations Office (CNO) will work with the grantee while the audit is in progress to resolve issues that the auditor identifies. Exhibit 1 lists the maximum timeframes for each phase of the audit resolution process.

4.3 Who prepares the Corrective Action Plan (CAP)? The Regional Director/CNO Manager and the grantee negotiate the terms of the CAP through written and oral discussions of the auditor's findings and recommendations, the grantee's comments, the auditor's response, and the Service's determinations. The Regional/CNO Chief, Division of Federal Assistance, in coordination with the grantee and the Chief, Division of Federal Assistance, Washington Office (Chief-FA/WO), prepares the CAP for the Regional Director's/CNO Manager's approval.

4.4 How much time does the Service have to prepare a CAP? The OIG must receive the CAP no later than 90 calendar days from the date the OIG issued the final audit report.

A. The Regional Director/CNO Manager has 45 calendar days to prepare the CAP and submit it to the Assistant Director, Wildlife and Sport Fish Restoration Programs (AD-WSFR) to the attention of the Chief-FA/WO.

B. The AD-WSFR has 30 calendar days to review the CAP, concur, and return it to the Regional Director/CNO Manager.

C. The Regional Director/CNO Manager has 15 calendar days to approve the CAP and forward it to the OIG.

D. If the Regional Director/CNO Manager and the AD-WSFR do not concur with the CAP, they refer the matter to the Director and timeframes are adjusted as indicated in Exhibit 1.

4.5 Can the Service request additional time to prepare the CAP? Yes. The AD-WSFR may request an extension of 30 calendar days from OIG, if needed.

4.6 What needs to be in the CAP?

A. A CAP must have a cover page that clearly identifies the grantee audited, the years audited, and the report number. This information is obtained from the title of the OIG's final audit report.

B. The CAP addresses all audit findings and recommendations that the OIG identifies in the final audit report. The CAP contains, at a minimum:

(1) Auditor's Findings and Recommendations. The OIG identifies findings and recommendations that we must address in the CAP.

(2) Service Determination. The Service accepts or rejects each finding and recommendation. When recommendations from the final audit report are accepted, they must result in planned corrective actions. If the Regional Director/CNO Manager rejects an audit finding, he or she explains the basis, including legal citations, for that determination. The CAP addresses both accepted and rejected findings.

(3) Corrective Action. This component identifies specific corrective action(s) to resolve the finding consistent with the Service Determination. It specifies necessary actions, target dates, and the person responsible for carrying out each action. It also explains how the grantee should implement the corrective actions to resolve the issues.

(4) Resolution. This component describes what documentation is required from the grantee to verify implementation of the corrective action(s).

4.7 Who must review and concur with the CAP? The AD-WSFR will review the draft CAP and decide whether to concur or not to concur within 30 calendar days from the date the Region/CNO forwards the CAP to him/her.

4.8 What happens if the AD-WSFR does not concur with the Region's/CNO's draft CAP? The AD-WSFR will work with the Regional Director/CNO Manager to resolve any disagreements about the CAP. If they cannot resolve their differences, the Director will make the final decision. The AD-WSFR may request an extension from OIG of 30 calendar days, if needed.

4.9 When is the CAP reviewed at the Department level? The Department reviews the CAP when the Regional Director/CNO Manager does not approve it within 90 to 120 calendar days. The Department's Office

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of Financial Management (PFM) reviews all CAP resolutions placed in tracking. If PFM does not concur with all CAP resolutions, PFM will notify the AD-WSFR. The CAP may be returned to the Regional Director/CNO Manager to be revised in consultation with the grantee. PFM tracks resolution of all audit findings and the implementation of recommendations.

4.10 Are all audit findings and recommendations tracked? Yes. The Regional Director/CNO Manager tracks all audit findings and recommendations listed in the CAP and periodically reports progress to the AD-WSFR.

A. When OIG receives the CAP within 90 to 120 calendar days, PFM tracks only the audit findings that are not resolved and the recommendations not implemented.

B. When OIG does not receive the CAP within 90 to 120 calendar days, PFM tracks all audit findings and recommendations.

4.11 Who forwards the CAP to the OIG? Within 15 calendar days of concurrence by the AD-WSFR, the Regional Director/CNO Manager approves and immediately forwards the CAP to OIG and the grantee, for implementation. The Regional Director/CNO Manager will provide a copy to the AD-WSFR. The date the Regional Director/CNO Manager approves the CAP starts the 21-day window for appeals described in 417 FW 5.

4.12 What happens if the OIG does not concur with one or more of the resolutions in the CAP? The OIG will work closely with the Regional Director/CNO Manager and the AD-WSFR to resolve all issues. If all issues are not resolved, the OIG forwards the CAP to PFM. PFM will make a determination to resolve the disagreement and instruct the Regional Director/CNO Manager and OIG accordingly.

4.13 How much time does the grantee have to implement the CAP? The corrective action for each finding has a specific deadline that is negotiated when the CAP is being developed. A grantee may send a written request for additional time, with adequate justification, to the Regional Director/CNO Manager. The Regional Director/CNO Manager consults with the Chief-FA/WO, as needed, and responds in writing to the grantee within 10 working days of receipt of the grantee's request. The Regional Director/CNO Manager notifies the Chief-FA/WO of whether he/she concurs or not, and the Chief-FA/WO notifies the Audit Liaison Officer of the change.

4.14 Who monitors implementation of the CAP? The Regional Director/CNO Manager monitors, tracks, and

documents implementation of the CAP and keeps the Director, through the Chief, Division of Policy and Directives Management (Chief-PDM), informed of implementation progress.

4.15 Who can distribute the CAP to the public? The Regional Director/CNO Manager originates the CAP and makes it available to the public upon request, but only after the CAP has been sent to the OIG and the grantee. A grantee may release a copy of the CAP at its discretion.

4.16 Will the CAP be published on the Internet? The Chief-FA/WO will coordinate with the Chief-PDM and the OIG to determine if posting a specifically requested document on the Internet is appropriate. If we receive three or more requests from the public for a specific CAP, Department of the Interior guidance tells us to make that CAP available on the Internet as is described in the FOIA.

4.17 How can a final CAP be modified? Only the Director or the Secretary may modify the final CAP as the result of an appeal completed in accordance with 417 FW 5 or 50 CFR 80.7. However, deadlines for implementation of corrective actions may be changed upon written approval by the Regional Director/CNO Manager in accordance with paragraph 4.13 and after consultation with the Chief-FA/WO, as needed. If conditions change for a grantee that affect the grantee's ability to implement the CAP, the grantee may petition the Regional Director/CNO Manager to modify the CAP. Upon receipt of this petition, the Region/CNO submits the CAP amendment to the AD-WSFR through the Washington Office for concurrence. The AD-WSFR forwards the amended CAP to PDM, who then forwards the amended CAP to PFM.

4.18 Can a grantee appeal a Service determination or corrective action in the final CAP? Yes. A grantee may appeal a Service determination, corrective action, or resolution contained in the final CAP by the appeals process described in 417 FW 5.

4.19 Are status reports required during implementation of the CAP? Yes. The Chief-FA/WO provides status reports to PDM. If PDM requires status reports on specific grantee corrective actions, we will request status reports from the grantee.

4.20 Are there penalties if a grantee does not resolve audit findings in the CAP? Yes, you can find remedies for noncompliance at 43 CFR 12.83. The enforcement remedies in this section do not preclude the grantee from being placed in a high-risk status as discussed in 43 CFR 12.52, or being subject to debarment or suspension, as discussed in 43 CFR 12.75.

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4.21 How is an audit closed? When resolution is being tracked by PFM, the Regional Director/CNO Manager sends a memorandum to the Director documenting that final action is complete (all corrective actions have been implemented) and requesting that the audit be closed. The Regional Director/CNO Manager routes this memorandum, with implementation documentation, through the Chief-FA/WO for review and concurrence. The Chief-FA/WO then forwards a copy of the memorandum to the Chief-PDM for review and concurrence. When all concerns are satisfied, the Service Audit Liaison Officer forwards a copy to the Audit Followup Program Liaison in PFM. If PFM concurs that all action(s) has been implemented, PFM notifies the Service Audit Liaison Officer that the audit is resolved. The Service Audit Liaison Officer notifies the Chief-FA/WO, who releases the original memo to the Director. If the Director concurs, he/she signs it and returns it to the Regional Director/CNO Manager, officially closing the audit. The Regional Director/CNO Manager notifies the grantee that the audit findings are resolved and closed. When PFM is not tracking resolution, the OIG will issue a memorandum to the Regional Director/CNO Manager indicating that the findings have been resolved and recommendations have been implemented. The Regional Director/CNO Manager will notify the grantee the audit is closed.